



Department of Justice

FOR IMMEDIATE RELEASE
TUESDAY, SEPTEMBER 15, 1998
WWW.USDOJ.GOV

AT
(202) 616-2771
TDD (202) 514-1888

**JUSTICE DEPARTMENT WILL NOT CHALLENGE MERGER OF
PHYSICIAN ORGANIZATION IN PENNSYLVANIA**

WASHINGTON, D.C. -- The Department of Justice announced today that it would not challenge the merger of a primary care physicians organization and a multi-specialty physicians organization in Scranton, Pennsylvania.

The Heritage Alliance, a primary care physicians group, has 90 members practicing primarily in Lackawanna and Luzerne counties, with a few members in Wayne, Wyoming, Susquehanna, and Monroe Counties. Lackawanna Physicians Organization (LPO), which is the multi-specialty organization, has 190 members, 23 of whom are primary care physicians, all practicing in Lackawanna County. The proposed merger would allow the two groups to form a risk-bearing, non-exclusive Network to contract with managed care plans and other third party payers to more efficiently provide physician services.

According to a business review letter issued by Joel I. Klein, Assistant Attorney General in charge of the Antitrust Division, the combination of the two independent physicians associations will not likely cause substantial adverse competitive effects in the markets for primary care services or pediatrics.

The Network will include approximately 39 percent of the Lackawanna physicians who are internists, family practitioners, or general practitioners and approximately 28 percent of the

Lackawanna pediatricians. Klein noted that the Department might become concerned if the Network's percentage of primary care physicians in Lackawanna County were to increase.

The members of the Network who are not primary care physicians are specialists who have been participating in the market as members of LPO. The formation of the Network will not increase concentration levels for specialists beyond what they have been in LPO.

In several non-primary care physician specialties, LPO members (who will become Network members) represent 50 percent or more of the board-certified specialists with admitting privileges in those specialties at local hospitals. According to the letter, this has not caused competitive harm, and the Network will face competition from other area multi-specialty networks. Under these circumstances, the Department has no present intention to challenge the Network's formation.

Under the Department's business review procedure, an organization may submit a proposed action to the Antitrust Division and receive a statement whether the Division will challenge the action under the antitrust laws.

A file containing the business review request and the Department's response may be examined in the Antitrust Documents Group of the Antitrust Division, Room 215 North, Liberty Place, Department of Justice, Washington, D.C. 20530. After a 30-day waiting period, the documents supporting the business review will be added to the file.

###